GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:895
ANSWERED ON:07.02.2017
Subsidy Arrears
Gupta Shri Sudheer;Mahato Shri Bidyut Baran;S.R. Shri Vijay Kumar

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government provides subsidy to fertilizer companies in the country and if so, the details thereof;
(b) the details of fertilizer subsidy arrears to be given to fertilizer companies by the Government pending at present along with the reasons for the delay in payment of the said subsidy arrears;
(c) the corrective measures taken/being taken by the Government in this regard;
(d) whether his Ministry has requested the Finance Ministry for release of funds to provide loan at reasonable rate to cash starved fertilizer companies; and
(e) if so, the details thereof along with the response of the Finance Ministry thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF ROAD TRANSPORT & HIGHWAYS, SHIPPING AND CHEMICALS & FERTILIZERS

(SHRI MANSUKH L. MANDAVIYA)
(a) : Yes, Madam. The difference between the delivered cost of Urea at farm gate and net market realization by the urea units is given as subsidy to the urea manufacturer/importer by the Government of India.

In case of P&K fertilizers, the NBS Policy is being implemented w.e.f. 1.4.2010 under which a fixed amount of subsidy decided on annual basis is provided on each grade of subsidized P&K fertilizers based on their nutrient content and given to the P&K fertilizer companies. Accordingly, the P&K fertilizers are available in the market at less than the delivered price, to the extent of subsidy.

Hence, every farmer who is buying Urea and P&K fertilizer bags is availing the benefit of the fertilizer subsidy.

(b): As on 01.02.2017, claims amounting to Rs. 12060.39 crores are pending for payment in case of Urea. Out of this, claims amounting to Rs. 484.25 crores pertain to 2015-16. In case of imported P&K fertilizers, claims amounting to Rs. 4114.83 crores are pending for payment as on 01.02.2017. Out of this, claims amounting to Rs. 739.16 crores pertain to the year 2015-16. In case of Indigenous P&K fertilizers, claims amounting to Rs. 6829.50 crores are pending for payment as on 01.02.2017. Out of this, claims amounting to Rs. 2768.04 crores pertain to the year 2015-16.

The delay in payment of subsidy claims is due to non-receipt of Proforma-B2 (Quality Certificate) from the State Governments and paucity of funds.

(c) to (e): The Department of Fertilizers makes Special Banking Arrangements (SBA) for payment of subsidy claims of fertilizer companies in case of shortage of funds. In the year 2016-17, the Department of Expenditure has allowed the Department of Fertilizers to avail Rs. 10,000 crores as short term loan from the PSU Banks under SBA.
******